

The Honorable Paul B. Snyder
Chapter 11
Location: Vancouver, Second Floor
Hearing Date: February 2, 2010
Hearing Time: 10:30 a.m.
Response Date: at time of hearing

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

In re

Case No. 10-40528-PBS

REALVEST CORPORATION,

Debtor.

SONAS CAPITAL GROUP, LLC,

Debtor.

Case No. 10-40530-PBS

**DECLARATION OF DAVID FUHRER IN
SUPPORT OF BANK ACCOUNT
MOTION AND OTHER PLEADINGS**

DAVID FUHRER, declares and says:

1. I am the Chief Financial Officer of Realvest Corporation ("Realvest"). I am a member of Sonas Capital Group, LLC ("Sonas" and, together with Realvest, "Debtors"), which is a member managed limited liability company. In those capacities, I am familiar with Debtors' operations, businesses and financial affairs.

2. Except as otherwise indicated, all facts set forth in this declaration are based on my personal knowledge, my review of relevant documents, information provided to me

1 by employees working under my supervision, or my opinion based on experience,
2 knowledge, and information concerning Debtors' operations. If called upon to testify, I
3 would testify competently to the facts set forth in this declaration.
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6 3. On January 27, 2010 (the "Petition Date") Debtors filed voluntary petitions
7 for relief under Chapter 11 of the Bankruptcy Code.
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10 4. Realvest is a Washington corporation founded in 1969 as Property
11 Management Services, Inc. Realvest changed its name to Realvest Corporation in 1991.
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13 Sonas is an Oregon limited liability company founded in 2001. Together with their
14 subsidiaries and partnerships, the Debtors specialize in providing a full range of services to
15 owners of income-producing real property, including asset management, property
16 management, partnership administration and consultation relating to acquisition,
17 development, providing high-yield loans that are secured by real estate, financing and sale of
18 income-producing real estate.
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21 5. Realvest is a general or limited partner or member in various real estate
22 partnerships and limited liability companies which own residential and commercial
23 properties in Washington, Oregon, Texas, Arizona, and California. Realvest and Sonas, and
24 their subsidiaries, also directly own, develop, and operate commercial and residential
25 properties in Washington and Oregon. Sonas provided loans secured by real estate and now
26 owns properties as a result of foreclosures or otherwise receiving the collateral from its non-
27 performing loans.
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30 6. As of the Petition Date, Realvest directly owned and operated two operating
31 properties: the Quantum Building located at 205 E. 11th Street, Vancouver, Washington
32 and Lot 47 Steamboat Landing located in Vancouver, Washington. As of the Petition Date,
33 Sonas directly owned and operated a vacant piece of land in Beaverton, Oregon, a partially
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1 completed condominium project in Portland, Oregon, a RV Storage facility in Eagle Creek,
2 Oregon and a commercial building in Albany, Oregon. Additionally, in an effort to
3 diversify, Realvest has invested in two non-real estate operations. One of these operates a
4 golf retail and instruction business and the other is a startup commercial print manufacturer.
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8 **The Bank Account Motion**

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11 7. Debtors have filed a motion seeking authority for continued use of their
12 existing bank accounts and cash management system, including business forms (the "Bank
13 Account Motion").
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17 8. Before the Petition Date, Debtors maintained, in the ordinary course of their
18 business and as part of an integrated cash management system, numerous bank accounts
19 (collectively, the "Bank Accounts"). A list of the Bank Accounts is attached hereto and to
20 the Bank Account Motion as Exhibit A.
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25 9. Certain of the Bank Accounts belong to Realvest Asset Management LLC,
26 which is not a debtor in these cases, but were incorrectly set up under Realvest's company
27 name and federal identification number. Exhibit B attached hereto and to the Bank Account
28 Motion contains a list of those accounts. Realvest is in the process of correcting these
29 accounts and expects to have this completed by the end of February.
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34 10. Realvest and Sonas seek to continue use of the Bank Accounts set forth on
35 Exhibit C attached hereto and to the Bank Account Motion. Five of the Bank Accounts on
36 Exhibit C are with U.S. Bank, Sterling Savings Bank. I understand that each of those banks
37 is identified as an authorized depository on the "United States Trustee's List of Authorized
38 Depositories for Bankruptcy Cases Filed in the Western District of Washington (as of
39 November 3, 2009)." The remaining Bank Accounts on Exhibit C are with banks that are
40 not currently approved depository institutions. Realvest is in the process of closing those
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1 accounts and opening accounts new accounts at U.S. Bank. Realvest anticipates that such
2 process will be completed by March 10, 2010. Realvest anticipates that it will be able to
3 consolidate many of these accounts and that ultimately it will have approximately 9
4 accounts.
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9 11. All of the bank accounts are and will be located in the United States and are
10 or will be in apparently financially stable banking institutions which are insured by the
11 Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or
12 other appropriate government-guaranteed deposit protection insurance provider, up to
13 applicable limits per account.
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19 12. Debtors use the Bank Accounts to, among other things, manage cash receipts
20 and disbursements for all of Debtors' day-to-day business operations, often on a project-by-
21 project basis. Debtors routinely deposit, withdraw, and otherwise transfer funds to, from,
22 and among the Bank Accounts by various methods including electronic funds transfers. In
23 addition, Debtors generate numerous checks per month from the Bank Accounts in payment
24 of their accounts payable.
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31 13. Debtors have been informed that upon the filing of a petition for relief under
32 chapter 11 of the Bankruptcy Code, debtors may be required to close existing bank accounts
33 and to open new debtor in possession accounts, discontinue use of existing business forms
34 and stationery and use new check forms and new business forms, new stationery, all marked
35 to show that the debtor is operating as a debtor in possession.
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41 14. In light of Debtors' limited operating funds, an abrupt and wholesale change
42 in Debtors' forms and checks would be harmful to Debtors and their operations. Debtors
43 believe that all parties in interest, including Debtors' vendors, customers and creditors will
44 be best served by Debtors preserving business continuity and avoiding the significant
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1 disruption and delay to Debtors' daily business operations that would necessarily result from
2 closing the Bank Accounts and opening new accounts.

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4 15. Similarly, the cost and delay inherent in identifying, collecting, discarding,
5 redesigning and replacing all existing forms, checks, and stationery would seriously disrupt
6 Debtors' day to day business operations and create unnecessary cost and expense. Such a
7 project imposed across Debtors' businesses and their numerous ongoing projects would
8 divert limited employee and management time from the reorganization effort, distract
9 normal business operations and generate substantial costs with little or no corresponding
10 benefit. Such obligations would also seriously disrupt the normal flow of internal and
11 external communications on which all businesses rely.

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13 16. The smooth transition from prepetition operations into postpetition operations
14 will depend greatly upon the steadiness of Debtors' daily banking, accounting and business
15 practices. Authorization to continue using a limited number of existing accounts and their
16 existing forms, stationery, and checks is an essential component of this stability.

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18 17. Debtors also have filed a motion requesting that the Bank Account Motion be
19 heard on shortened time and requesting that notice of the Bank Account Motion be limited.
20 Due to Debtors' limited operating funds and the potential disruption of their businesses
21 resulting from being required to close existing bank accounts and reopen new ones, Debtors
22 believe it is in their best interests, and the interests of their creditors, for the Bank Account
23 Motion to be heard at the Court's earliest convenience.

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Retention of Perkins Coie LLP

18. Debtors seek authority to employ Perkins Coie LLP ("Perkins Coie") as their
counsel in these Chapter 11 cases on an hourly basis and on terms set forth in the
engagement agreement attached to the application.

1 19. Perkins Coie has been requested to render the following services to Debtors:

2 (a) to take all actions necessary to protect and preserve Debtors'
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4 bankruptcy estates, including the prosecution of actions on Debtors' behalf, the
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6 defense of any actions commenced against Debtors, negotiations concerning all
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8 litigation in which Debtors are involved, objections to claims filed against Debtors in
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10 these bankruptcy cases, and the compromise or settlement of claims;
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12 (b) to prepare the necessary applications, motions, memoranda,
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14 responses, complaints, answers, orders, notices, reports, and other papers required
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16 from Debtors as debtors and debtor in possession in connection with administration
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18 of these cases;
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20 (c) to negotiate with creditors concerning a plan of reorganization, to
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22 prepare the plan of reorganization, disclosure statement and related documents, and
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24 to take the steps necessary to confirm and implement the plan of reorganization,
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26 including, if needed, negotiations for financing the plan;
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28 (d) to represent Debtors in all other aspects of this Chapter 11 case; and

29 (e) to provide such other legal advice or services as may be required in
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31 connection with these Chapter 11 cases or the general operation and management of
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33 Debtors' businesses.
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36 20. Debtors have selected Perkins Coie for the following reasons:
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38 (a) Perkins Coie has substantial experience and expertise in the field of
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40 debtors' and creditors' rights, insolvency law, and bankruptcy.
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42 (b) Perkins Coie has additional experience and expertise in matters
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44 involving finance, securities law, taxation, real estate law, commercial transactions,
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1 and commercial litigation. Perkins Coie has the resources necessary for the quick
2 and efficient prosecution of these cases.
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4 (c) Perkins Coie has advised Debtors in connection with Debtors'
5 restructuring efforts. As a result, Perkins Coie is familiar with Debtors' legal affairs
6 and current bankruptcy strategy. Substitution of new counsel at this time would
7 entail needless delay and expense.
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9 (d) Debtors have confidence in Perkins Coie and believe that Perkins
10 Coie is well-qualified to represent the bankruptcy estate in these Chapter 11 cases.
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12 **Monthly Payment Motion**

13 21. Debtors have requested authority to pay professionals and, if an official
14 committee of unsecured creditors (the "Committee") is appointed, the expenses of
15 committee members on a monthly basis under specified procedures.
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17 22. Debtors believe that paying their professionals, and those of any Committee
18 and the expenses of members of the committee, on a monthly basis would allow Debtors and
19 other parties in interest to focus more clearly on the efficient use of professional services. It
20 also would provide the Court and the parties with a more accurate picture of Debtors's
21 financial condition at a given time in this Chapter 11 case.
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23 Executed this 27th day of January, 2010 in Vancouver, Washington
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25 /s/ David Fuhrer
26 David Fuhrer
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EXHIBIT A - ALL BANK ACCOUNTS

<u>Account Name</u>	<u>Acct #</u>	<u>Bank</u>
Realvest Corp-Marketing Division	6500003296	First Independent Bank
Realvest Corp-Marketing Division	153562507225	US Bank
Realvest Corporation	153604928066	US Bank
Realvest Corp-PMSI Retro Acct	21504428	Umpqua Bank
Realvest Corp-General Acct	21045079	Umpqua Bank
Realvest Corporation	21701008	Umpqua Bank
Realvest Corporation	1010503456	Riverview Community Bank
Realvest Corporation	41003518	Pacific Continental Bank
Realvest Corporation	59992440693	Sterling Savings Bank
Realvest Corporation	3501228	Regents Bank
Realvest Corporation	3500808	Regents Bank
Realvest Corp-Airplane Acct	6500003239	First Independent Bank
Realvest Corporation	100007672	First Independent Bank
Realvest Corporation	6500006315	First Independent Bank
Realvest Corporation	6500006323	First Independent Bank
Realvest Corp-Field Emp Savings Benefit	100007714	First Independent Bank
Realvest Corp-Amended & Restated Savgs	100007698	First Independent Bank
Sonas Capital Group, LLC	59991363581	Sterling Savings Bank
Realvest Corp-Petty Cash	10004935	Umpqua Bank
Realvest Corp-Community Fund	972004758	Umpqua Bank
Realvest Corp-Real Health Supplies	10009686	Umpqua Bank
Realvest Corp--Student Loan	59993508597	Sterling Savings Bank

<u>Name</u>	<u>Account #</u>		
First Independent			
Realvest Corporation--Heatherwood Apartments Client Trust Acct.	101100237	Security Deposit	Realvest Asset Mgmt
Realvest Corporation--Heatherwood Apartments Client Trust Acct.	100005163	Operating	Realvest Asset Mgmt
Realvest Corporation--Steamboat Landing Client Trust Acct.	101100419	Security Deposit	Realvest Asset Mgmt
Realvest Corporation--Steamboat Landing Client Trust Acct.	101100500	Operating	Realvest Asset Mgmt
Realvest Corporation--Village Inn Apts-Client Trust Acct.	108123034	MM	Realvest Asset Mgmt
Realvest Corporation--Village Inn Apts-Client Trust Acct.	101100450	Security Deposit	Realvest Asset Mgmt
Realvest Corporation--dba Broadway Bldg Client Trust Acct	101100518	Operating	Realvest Asset Mgmt
Realvest Corporation--dba Realvest Property Management	101100575	Operating	Realvest Asset Mgmt
Realvest Corporation--RV Project Management	6500000920	Operating	Realvest Asset Mgmt
Realvest Corporation--Flexible Spending Acct	102114385		Realvest Asset Mgmt

EXHIBIT B
NON-REALVEST CORPORATION BANK ACCOUNTS

Name	Account #
First Independent	
Realvest Corporation--Heatherwood Apartments Client Trust Acct.	101100237 Security Deposit
Realvest Corporation--Heatherwood Apartments Client Trust Acct.	100005163 Operating
Realvest Corporation--Steamboat Landing Client Trust Acct.	101100419 Security Deposit
Realvest Corporation--Steamboat Landing Client Trust Acct.	101100500 Operating
Realvest Corporation--Village Inn Apts-Client Trust Acct.	108123034 MM
Realvest Corporation--Village Inn Apts-Client Trust Acct.	101100450 Security Deposit
Realvest Corporation--dba Broadway Bldg Client Trust Acct	101100518 Operating
Realvest Corporation--dba Realvest Property Management	101100575 Operating
Realvest Corporation--RV Project Management	6500000920 Operating
Realvest Corporation--Flexible Spending Acct	102114385
Umpqua Bank	
Realvest Corporation MainPlace	21515309 MM
Realvest Corporation Village Inn Motel Client Trust Acct.	21042100 Operating
Realvest Corporation Village Inn Apartments Client Trust Acct.	21042118 Operating
Sterling Savings Bank	
Realvest Corporation--dba Village Inn Apts	59993509116 MM
Realvest Corporation--dba Village Inn Motel	59993509124 MM
US Bank	
Realvest Corp-Flexible Spending Acct	153562507217

EXHIBIT C

BANK ACCOUNTS TO MAINTAIN OR TRANSFER

<u>Account Name</u>	<u>Bank</u>	<u>Acct #</u>
Realvest Corp-Marketing Division	First Independent Bank	6500003296
Realvest Corp-Marketing Division	US Bank	153562507225
Realvest Corporation	US Bank	153604928066
Realvest Corp-PMSI Retro Acct	Umpqua Bank	21504428
Realvest Corp-General Acct	Umpqua Bank	21045079
Realvest Corporation	Umpqua Bank	21701008
Realvest Corporation	Riverview Community Bank	1010503456
Realvest Corporation	Pacific Continental Bank	41003518
Realvest Corporation	Sterling Bank	59992440693
Realvest Corporation	Regents Bank	3501228
Realvest Corporation	Regents Bank	3500808
Realvest Corp-Airplane Acct	First Independent Bank	6500003239
Realvest Corporation	First Independent Bank	100007672
Realvest Corporation	First Independent Bank	6500006315
Realvest Corporation	First Independent Bank	6500006323
Realvest Corp-Field Emp Savings Benefit	First Independent Bank	100007714
Realvest Corp-Amended & Restated Savgs	First Independent Bank	100007698
Sonas Capital Group, LLC	Sterling Savings Bank	59991363581
Realvest Corp-Petty Cash	Umpqua Bank	10004935
Realvest Corp-Community Fund	Umpqua Bank	972004758
Realvest Corp-Real Health Supplies	Umpqua Bank	10009686
Realvest Corp--Student Loan	Sterling Savings Bank	59993508597